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BOSTON GAS COMPANY

D.T.E. 03-40

SECOND SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF  
TELECOMMUNICATIONS AND ENERGY TO  
BOSTON GAS COMPANY

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Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy (“Department”) submits to Boston Gas Company (“Boston Gas” or “Company”) the following Information Requests:

INSTRUCTIONS

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Company in this proceeding.

1. Each request should be answered in writing on a separate, three-hole punch page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.
2. Do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.
3. These requests shall be deemed continuing so as to require further supplemental responses if the Company or its witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
4. The term “provide complete and detailed documentation” means:

Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning

documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting work-papers.

5. The term “document” is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.
6. If any one of these requests is ambiguous, notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
7. Please file one copy of the responses with Mary Cottrell, Secretary of the Department and on all parties; also submit one (1) copy of the responses to John J. Geary, Hearing Officer, one (1) copy of the responses to Sean Hanley, Assistant Director - Rates and Revenue Requirements Division, one (1) copy of the responses to Paul E. Osborne, Assistant Director - Rates and Revenue Requirements Division, and one (1) copy to Andreas Thanos, Assistant Director, Gas Division.
8. In addition to filing, all non-proprietary responses should be submitted by e-mail to [dte.efiling@state.ma.us](mailto:dte.efiling@state.ma.us) and to the e-mail address of any party required to be served.

### INFORMATION REQUESTS

- DTE 2-1 Refer to Exh. KEDNE/PJM-2, at 28, line 23. Please provide a breakdown by account of all costs included in the \$53,118,261 for residual operations and maintenance expense.
- DTE 2-2 Please provide the following information regarding the Company’s commercial space located in Waltham, Massachusetts:
- (a) the total square footage of space currently being rented under the lease by the Company;
  - (b) the total square footage currently being used by the Company;
  - (c) the total square footage of space currently being subleased by the

Company to others; and

(d) the annual rental rate per square foot for any amounts being subleased to others.

- DTE 2-3 Please provide a copy of the Company's lease agreement for the space located in Waltham, Massachusetts.
- DTE 2-4 Please provide copies of all real estate leases the Company had in effect during the test year. For each lease in effect during the test year, please provide the termination date. Have any additional leases been executed since the end of the test year?
- DTE 2-5 Please describe what types of Company mailings are sent via first-class and what types of mail are sent at the pre-sort rate.
- DTE 2-6 Refer to Exh. KEDNE/PJM-2, at 17, line 1. Please itemize by account and amount all strike contingency costs included in test year O&M expense.
- DTE 2-7 Refer to Exh. KEDNE/PJM-2, at 13, line 9. Please explain why there are no post-test year costs incurred for travel accident insurance.
- DTE 2-8 Refer to Exh. KEDNE/PJM-2, at 13, line 14. Please explain why the Company has not incurred any post-test year costs for terrorism insurance.
- DTE 2-9 Refer to Exh. KEDNE/PJM-2, at 13. Please explain how all "Allocated % To Boston Gas" was calculated. Include all calculations, assumptions and supporting documents used in calculating these percentages.
- DTE 2-10 Refer to Exh. KEDNE/PJM-2, at 13. Please explain the reasons for the increases in costs incurred for the following types of insurance: (a) captive-general liability insurance; (b) excess liability insurance; (c) excess directors and officers liability insurance; and (d) property insurance.
- DTE 2-11 Refer to Exh. KEDNE/ALS-1, at 22. Please provide documentation to confirm that local production and gas storage facilities are no longer used to support distribution system integrity.
- DTE 2-12 Please provide the total amount of vacation pay accrued that was booked as an expense during the test year and the level included in the Company's cost of service in this case. Please explain any difference between the two figures.

- DTE 2-13 Please provide a breakdown separating all test year payroll costs into regular payroll, overtime payroll, and incentive compensation for both union and non-union employees.
- DTE 2-14 Please describe how non-union payroll increases and benefits packages are determined. Describe the contract negotiation processes used to determine union payroll increases and benefits packages.
- DTE 2-15 Please provide the following information: (a) a copy of the Company's incentive compensation program; (b) a list of the employees who earned incentive compensation during the test year and the amount paid to each; (c) the total amount of incentive compensation included in test year cost of service; and (d) the amount of incentive compensation, if any, included in the Company's proposed cost of service.
- DTE 2-16 Please provide the specific performance goals that each employee who participated in the incentive compensation program was required to meet.
- DTE 2-17 Does the Company have an early retirement program? If so, please provide the number of employees who participated in the program, and the test year amount of payroll saved as a direct result of the implementation of this program.
- DTE 2-18 Has the Company performed any overall unit-labor cost comparability studies between itself and other utilities and/or other industries? If so, please provide a copy of any such study performed.
- DTE 2-19 Has the Company performed any overall unit-labor cost comparability studies between itself and other utilities and/or other industries, which relate overall unit-labor costs to employee productivity? If so, please provide a copy of any such study performed.
- DTE 2-20 Please discuss the Company's overall business strategy regarding the minimization of total unit-labor costs.
- DTE 2-21 Refer to Exh. KEDNE/JCO-8. Please indicate how each of the companies included in the Company's contractual wage increase comparison provides a relevant basis for comparison to the Company.
- DTE 2-22 Refer to Exh. KEDNE/JCO-12. Please indicate how each of the companies included in the Company's compensation analysis provides a relevant basis for comparison to the Company.

- DTE 2-23      How do the comparative analyses provided by the Company conform to the requirements set forth in Boston Gas Company, D.P.U. 93-60, at 130-131 (1993) and Cambridge Electric Light Company, D.P.U. 92-250, at 55-56 (1993)?
- DTE 2-24      During the last three years, has the Company solicited bids for alternative health-care providers? If so, provide the results of any such bids and explain how the Company selected its test year health-care provider(s).
- DTE 2-25      Has the Company ever challenged any health-care related bills from hospitals, doctors, or other health-care providers? If yes, please explain. If not, please explain what internal auditing procedures the Company employs to ensure that bills are accurate.
- DTE 2-26      During the last three years, has the Company solicited bids for alternative dental-service providers? If so, please provide the results of any such bids and explain how the Company selected its test year dental-service provider.
- DTE 2-27      Please provide the actual amount of test year employee contributions to the Company's 401(k) plan that were eligible for a matching contribution from the Company.
- DTE 2-28      Please indicate: (a) whether employee participation in the Company's 401(k) plan is voluntary; and (b) whether employees participating in the Company's 401(k) plan are entitled to terminate participation at any time.
- DTE 2-29      Please provide the total and the expensed amount of the Company's 401(k) matching contributions during the test year.
- DTE 2-30      Refer to Exh. KEDNE/JCO-1, at 7, lines 12-17. Please provide all workpapers and calculations used by the Company to derive the one percent increase of 2002 total payroll expense to cover wage and salary increases associated with employee promotions, market-based adjustments and changes in job responsibility.
- DTE 2-31      Refer to Exh. KEDNE/JCO-1, at 7, lines 12-17. Please provide a five-year history of employee promotions, market-based adjustments and changes in job responsibility along with the corresponding salary adjustment for each.
- DTE 2-32      Refer to Exh. KEDNE/JCO-1, at 7, lines 12-17. Please discuss how the proposed one percent increase of 2002 total payroll expense conforms to the

Department's precedent regarding non-union increases set forth in Fitchburg Gas and Electric Light Company, D.P.U. 1270/1414, at 14 (1983).

- DTE 2-33 Refer to Exh. KEDNE/JCO-1, at 7, lines 12-17. Please explain what is meant by "market-based adjustments" in the context of the proposed one percent increase to 2002 total payroll expense.
- DTE 2-34 Refer to Exh. KEDNE/PJM-1, at 22. Please provide detailed information regarding the severance program that the Company implemented in 2000. Explain any actual or estimated workforce reductions and savings that the Company achieved as a result of this program.
- DTE 2-35 Refer to Exh. KEDNE/PJM-1, at 22. Please explain under what authority the Company booked an accrual to reflect the liability associated with the severance program.
- DTE 2-36 Please provide an itemized list of the Company's charitable contributions made during the test year, and the accounts to which the contributions were booked.
- DTE 2-37 Please indicate the name of the Company's weather data service provider and provide a copy of any existing contracts as the basis for the provision of weather data services.
- DTE 2-38 Please provide a list of the weather data that the Company receives from its weather data service provider and indicate the frequency at which each set of data is received.
- DTE 2-39 Does the Company receive temperature and other weather data for different geographical areas in its service territory? If yes, please provide for each area the actual test year daily degree days and daily effective degree days, indicating the monthly sub-totals and the annual totals.
- DTE 2-40 Please provide a schedule that shows the:
- (a) daily actual degree days during the test year, indicating the monthly sub-totals and annual total;
  - (b) corresponding daily normal degree days, indicating the monthly sub-totals and annual total; and
  - (c) the difference between (a) and (b).

DTE 2-41 Using the format of Exh. KEDNE/AEL-2, at 2, please provide for each rate class the:

- (a) test year actual monthly billing volumes;
- (b) the normal monthly billing volumes; and
- (c) the difference between (a) and (b).

DTE 2-42 Refer to Exh. KEDNE/AEL-1, at 4-5. Please provide the weather normalization adjustment performed on a customer-by-customer basis for each weather-sensitive rate class (except rates G-44 and G-54) (1) for a customer who is at the 25th percentile of the bills for that rate class; (2) for a customer who is at the 50th percentile of the bills for that rate class; and (3) for a customer who is at the 75th percentile of the bills for that rate class.

Provide all supporting data, calculations and work papers including:

- (a) each customer's account number;
- (b) each customer's actual monthly billing use and the corresponding billing period;
- (c) the actual and normal degree days for the associated period;
- (d) the base use, actual heating use, and normal heating use;
- (e) the split of the normal use between the headblock use and tailblock use;
- (f) the headblock and tailblock weather normalization throughput adjustments;
- (g) the headblock and tailblock "normalized base-rate increase;" and
- (h) the weather revenue adjustment.

DTE 2-43 Please list and describe all changes and modifications to the weather normalization adjustment calculations performed in the Company's proposal in the instant docket compared to the calculations performed in D.P.U. 96-50 (Phase I). Explain the reasons for each proposed change or modification.

- DTE 2-44 Please identify each rate class that the Company categorizes as not “weather-sensitive.” Did the Company perform any study as the basis for such categorization? If yes, please provide a copy of the study. If no, please explain why a study was not performed.
- DTE 2-45 Refer to Exh. KEDNE/AEL-2, at 4-5. Please provide the number of G-44 and G-54 customers for each month during the test year.
- DTE 2-46 Refer to Exhibit KEDNE/AEL-1, at 6. Please explain:
- (a) The reasons why the Company proposed to weather normalize the aggregate maximum daily contract quantity (“MDCQ”) instead of the volumetric throughput. Does this method assume that a customer’s MDCQ is more sensitive to degree day changes than throughput?
  - (b) How a customer’s “normal” monthly volumes were determined as the basis for calculating its average daily use.
- DTE 2-47 Refer to Exh. KEDNE/AEL-1, at 6. Please explain the rationale behind the Company’s method for determining a customer’s MDCQ by “multipl[ing] the highest average daily use in the peak and off-peak periods by 30 to derive the average-month basis and then divid[ing] by 21 to place the result on an MDCQ basis.”
- DTE 2-48 Refer to Exh. KEDNE/PJM-7. Please provide all workpapers, calculations, assumptions, etc. used to derive the results presented in the lead-lag study.
- DTE 2-49 Refer to Exh. KEDNE/PJM-1, at 40. If the Company has conducted a purchased gas lead-lag study, provide a copy of the purchased gas lead-lag study. If the Company has not conducted a purchased gas lead-lag study, explain the reason for failing to perform such a study. As part of this response, indicate the amount of time that would be needed to perform a purchased gas lead-lag study, as well as the estimated cost of such a study.
- DTE 2-50 Refer to Exh. KEDNE/PJM-1, at 40. Please explain how the 30-day payment period allowed for Company payments to Keyspan Services is converted into the 30-day reduction in the lag time of 42.73 days for payments to Keyspan Services.
- DTE 2-51 Refer to Exh. KEDNE/PJM-7, at 1. Please explain the reason for the 6.0-day billing lag associated with noncore revenues, versus the 2.12-day and 2.0-day



billing lags for firm revenues and nonfirm revenues, respectively.

- DTE 2-52 Refer to Exh. KEDNE/PJM-7, at 1. Please explain the reason for the 46.72-day collection lag associated with firm revenues, versus the 25.0-day and 20.0-day collection lags for noncore revenues and nonfirm revenues, respectively.
- DTE 2-53 Please provide a list of all local distribution companies (“LDCs”) and jurisdictions that have imposed a Gas Technology Institute (“GTI”) fee on their gas customers.
- DTE 2-54 Refer to Exh. KEDNE/RBE-1, at 6, lines 4 through 9. Please list the advancements in industrial combustion equipment that have been achieved and the entity that has achieved them.
- DTE 2-55 Refer to Exh. KEDNE/RBE-1, at 3. Please indicate how the entities named on lines 3 through 5 have received their funding to date.
- DTE 2-56 Please refer to Exhs. KEDNE/JFB-1 and KEDNE/RBE-1. Please list the GTI, GRI, and IGT research and development projects that have provided direct benefits for the Company’s customers. In the response, provide supporting documentation for the benefits claimed as well as the measured savings.
- DTE 2-57 Regarding the Company’s proposal to support GTI funding, please explain whether the funds collected from Massachusetts customers are for the sole benefit of Massachusetts customers. If yes, please provide documentation demonstrating how GTI will ensure that funds collected in Massachusetts will provide benefits to Massachusetts customers only. If no, please discuss why Massachusetts customers should pay for research that may potentially benefit customers in other jurisdictions.
- DTE 2-58 Refer to Exh. KEDNE/JFB-1, at 49. Other than portfolio management activities, what transactions pose a complication for the Company in implementing the existing margin sharing directives?
- DTE 2-59 If a portfolio management agreement leads to a reduction of labor costs (in the form of fewer employees in purchasing, nominating, etc), why should the Company be allowed additional financial incentives?

- DTE 2-60 Please comment on the following statement: “[L]ow cost gas that can be achieved through a successful portfolio management arrangement, translates to greater throughput (either from the addition of new customers, or increased consumption by existing customers) and consequently greater base revenues for an LDC.”
- DTE 2-61 Refer to Exh. KEDNE/JFB-1, at 52. For each state in which KeySpan has an affiliate, please indicate whether the proposed margin sharing mechanism is in place. If the proposed margin sharing mechanism is not in place, please indicate the approved margin sharing ratio, and whether the margins are calculated as a whole or by activity (IT/IS/CR).
- DTE 2-62 Refer to Exh. KEDNE/JFB-1, at 52. For each LDC member of the Northeast Gas Association, please indicate (1) the margin sharing mechanism applied to each LDC’s IT, IS, OSS, and CR revenues, and (2) how the current mechanism differs from that proposed by Boston Gas.
- DTE 2-63 Refer to Exh. KEDNE/PJM-5. Please explain how the Company calculated the “Allocated Amount” column.
- DTE 2-64 Refer to Exh. KEDNE/PJM-2, at 22, line 2-3. Please explain why the Company experienced a 31.2 percent increase in net write-offs between 2001 and 2002.
- DTE 2-65 Refer to Exh. KEDNE/PJM-2, at 22, line 3. Please provide the Company’s 2002 net write-offs on a monthly basis.
- DTE 2-66 Refer to Exh. KEDNE/PJM-1, at 27, line 13. Please explain how the \$1,115,739 figure of “additional bad-debt expense” was calculated.